GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1983
ANSWERED ON:13.03.2007
REDUCTION OF TARIFFS
Kalmadi Shri Suresh

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the developed countries have proposed reduction in tariffs on industrial goods and have urged developing countries to bring down their duties by 66 per cent against 33 per cent reduction by developed countries;

(b) if so, whether this move will open up markets of developing countries for the developed countries without any major advantage in return; and

(c) if so, the manner in which the Government proposes to counter this situation?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a) to (c) The December, 2005 Hong Kong Ministerial Declaration of the World Trade Organisation had given a mandate for adopting a Swiss formula for the reduction of bound tariffs for non-agricultural products. The Declaration also stated that the special needs and interests of developing countries had to be taken fully into account, including through less than full reciprocity (LTFR) in reduction commitments of bound tariffs. Though no proposal has been formally tabled on behalf of any developed country relating to the coefficients for the Swiss formula, reports have been received that some developed countries are considering proposing a reduction in the bound tariffs of non-agricultural products through the use of a Swiss formula with coefficients of 10 and 15 for developed and developing countries respectively. This proposal would have the implication that while most developed countries would reduce their average bound rates on dutiable tariff lines by 33% to 50%, most developing countries would have to reduce their average bound rates on dutiable tariff lines by 57% to 73%. India and other members of the NAMA-11 group of developing countries have been arguing that less than full reciprocity as a development mandate entails that developing countries should take lower percentage reduction commitments of bound tariffs than the developed countries.